



Chemicals

Why Trade Matters

INDUSTRY SECTOR REPORT

General information on

exports. The United States exported \$91 billion in chemical products in 2000. The U.S. chemicals industry has maintained trade surpluses for more than 50 years.

Market development.

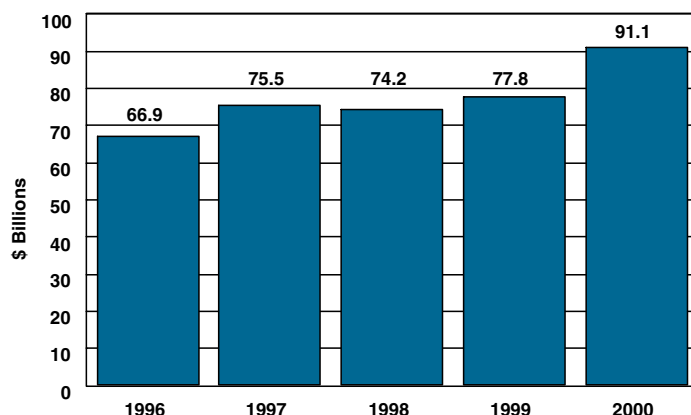
There is tremendous potential in the chemicals sector. The world's chemical manufacturers produced \$1.7 trillion in products for 2000, and demand is expected to rise 40 to 60 percent by 2010.

Tariffs. Chemical tariffs can be as high as 50 percent in such developing markets as India and the Philippines.

Nontariff barriers. Nontariff barriers impose significant levels of cost and administrative burdens that restrict market access. These barriers include restrictive product registration, testing, and certification; discriminatory import licensing requirements; and inadequate intellectual property provisions.

Small and medium-sized enterprises. Small and medium-sized enterprises make up a significant portion of the chemicals industry, particularly in such downstream industries as plastics processing. More than 37,000 small and medium-sized enterprises were engaged in exporting chemical products in 1998.

U.S. Exports of Chemicals,
1996–2000





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Environmental concerns. In 1988, the American Chemistry Council of the United States launched the Responsible Care program to respond to public concerns about the manufacture and use of chemicals. Responsible Care aims to improve the health, safety, and environmental performance of chemical company operations and products as well as the level of community involvement and awareness of the industry. Responsible Care is advancing in 46 countries around the world, representing more than 85 percent of the world's chemical production.

Employment opportunities. The chemicals industry employs more than 1.5 million people and has a manufacturing or administrative presence in every state.

Key producing states. There is chemical production in virtually every state, principally in Texas, New Jersey, Michigan, California, New York, Pennsylvania, Delaware, Illinois, Ohio, and North Carolina.

The sector. This sector includes all of the products in the Uruguay Round Chemicals Tariff Harmonization Agreement, such as industrial chemicals, agro- and petrochemicals, pharmaceuticals (see separate report), plastics, cosmetics, and paints and coatings.

BENEFITS AND EFFECTS FROM PREVIOUS TRADE AGREEMENTS:

- The Uruguay Round Chemicals Tariff Harmonization Agreement has significantly reduced tariffs in developed countries. Since the implementation of NAFTA, exports to Mexico have increased 142 percent. In contrast, during the same period, U.S. chemicals exports to all of Latin America only grew by 90 percent.